

UNITED STATES DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
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Instruction Memorandum No. 2003-152
Expires: 09/30/2004

To: All Field Officials

From: Director

Subject: Application for Permit to Drill (APD) - Process Improvement
#1 - Comprehensive Strategies

Program Areas: Oil and Gas Operations

Purpose: This Instruction Memorandum (IM) provides guidance to Field Offices (FOs) on the use of comprehensive drilling plan and National Environmental Policy Act (NEPA) analysis strategies to more efficiently and effectively process APDs.

Policy/Action: FOs are to take the necessary steps to work with local oil and gas operators and other Federal and State surface management agencies to fully utilize comprehensive drilling plan and geographic area NEPA analysis strategies where these tools will result in APD process improvements and better management of the resources entrusted to our care. The following strategies must be considered for use either individually or in combination:

- Multiple APD Package with Master Drilling Plan
- Geographic Area Development Plan
- Standard Operating Practice (SOP) Agreement
- Geographic Area NEPA

FOs and oil and gas operators are to use those “best practice” strategies that meet their needs and to share and experiment with practices that will allow for more efficient and effective processing of APDs. I have instructed the Washington Office Fluid Minerals Group to monitor your offices for the effective implementation of these strategies. Prior to the close of the calendar year, the Washington Office will provide a format for each office to follow in completing a self-assessment report. The report will outline steps taken by the FO to implement these strategies, operator response, and a measure of strategy effectiveness.

1. Multiple APD Package with Master Drilling Plan (Multiple APD Package):

A Multiple APD Package is the submission format for a Master Drilling Plan addressing two or more APDs that share a common 8-Point Drilling Program, 13-Point Surface Use Program, and plans for future production. A Multiple APD Package with Master Drilling Plan can be prepared for a planned cluster of wells and facilities in close proximity, sometimes referred to as a “pod”, or it can be prepared for multiple in-fill wells scattered throughout a field. The Master Drilling Plan contains information that is common to all APDs in the package. The information contained within the Master Drilling Plan, consisting of an overall drilling program and surface use program, does not have to be repeated within the individual APDs. Each well must have a survey plat and an APD that references the Master Drilling Plan. Differences in the drilling or surface use programs that may be unique to individual wells are clearly addressed and identified within the Master Drilling Plan or individual well APDs.

Multiple APD Packages work well in areas of intense drilling activity, in-fill drilling, or where production of drilled wells is a certainty. Areas suitable for this strategy typically have similar subsurface geology, producing zones, surface resources, and environmental issues. Multiple APD Packages may not be appropriate for exploration wells, wells with many different drilling and surface use requirements, or for wells in different geographic locations.

The primary advantage of a Multiple APD Package is the efficiency gained in simultaneously processing and completing quality NEPA analyses on multiple APDs with similar characteristics.

2. Geographic Area Development Plan:

A Geographic Area Development Plan is the result of comprehensive development planning for a proposed or defined oil and gas field or other limited geographic area within a field. The oil and gas operator and Bureau of Land Management (BLM) work together to identify a development strategy that meets the environmental management needs of the BLM and the economic needs of the company. Optimal locations for wells, production facilities, access routes, flowlines, and utility corridors are identified and mapped. APDs within the development area are typically, but not always, submitted in Multiple APD Packages with Master Drilling Plans (See: Multiple APD Packages, above). Geographic Area Development Plans may not be suitable for exploration wells.

A Geographic Area Development Plan is not a formal decision of the BLM; rather it is a working document meant to guide APD submissions and future NEPA analysis. As such, it is not appealable and can be changed at any time. However, when evaluating development through the NEPA process, the Geographic Area Development Plan should serve as a component of the Proposed Action.

The primary advantage of creating a Geographic Area Development Plan lies in the ability to better plan for field development, work around constraints, and minimize the need for access routes, production facilities, flowlines, and utilities.

3. Standard Operating Practice (SOP) Agreement:

SOP Agreements are written agreements between BLM and one or more oil and gas operators. SOP Agreements identify the practices the operator(s) will use in conducting the 8-Point Drilling Program and 13-Point Surface Use Program for an entire oil and gas field or for a geologic formation. These agreements can also include practices necessary for managing production activities including disposal of produced water, venting, flaring, tank batteries, pipelines, and compressor sites. SOP Agreements typically are initiated and approved through the Sundry Notice process, stand-alone agreements, or agreement letters. APDs are submitted individually or in Multiple APD Packages (See above), and the SOP Agreement is referenced in each APD. The agreement becomes part of the approved APD, where it is subject to normal review and appeal procedures. Any proposal to deviate from the practices contained in the agreement must be identified and incorporated into the APD(s).

The primary advantage of SOP Agreements is the standardization of best practices leading to a reduction in paperwork and redundant project analyses.

4. **Geographic Area NEPA:** Geographic Area NEPA is the NEPA analysis of an entire oil and gas field or a logical portion of a field covering multiple wells, access routes, production facilities, utilities, etc. These “Field” or “Umbrella” analyses take a broader scale, yet site-specific look at a defined area and development proposal and/or likely future development scenario. The intent is to adequately address the environmental consequences of an operator’s development proposal or likely oil and gas field development in sufficient detail so as to reduce the need for additional site-specific NEPA analysis. As a result, APDs included within the initial proposal can be approved without additional NEPA review. APDs not included within an initial development proposal, but adequately addressed in the Geographic Area NEPA document, may also be approved without additional NEPA review. APDs not adequately addressed in the NEPA document would be subject for further NEPA analysis tiered to the original document.

The primary advantage of Geographic Area NEPA is the ability to look at a broader area and analyze the site specific and cumulative effects of all oil and gas development in relation to other resource uses, in one public process, rather than analyzing APDs individually through multiple and often redundant NEPA documents.

Background: In FY 2002, the BLM received 4,279 APDs. Many APDs have not been processed within the 30-day time frame identified in Onshore Oil and Gas Order No. 1. In order to efficiently process such large numbers of APDs in a timely manner and with limited staff, several Field Offices have independently developed and refined strategies for more efficiently and effectively processing APDs. This IM identifies four of the more significant strategies. It is important that all offices evaluate these strategies and take necessary action to apply those that will result in improved APD processing efficiency and natural resource management.

Multiple APD Packages, Geographic Area Development Plans, Standard Operating Practice (SOP) Agreements, and Geographic Area NEPA allow the BLM and oil and gas operators an opportunity to better plan development in a given area. These strategies encourage oil field development that minimizes resource impacts and allows for better NEPA analysis. They also ensure greater consistency in the development of “best management practices,” reduced paperwork, and increased efficiency.

The above strategies should be used individually or in any combination that allows for the most efficient and effective processing of APDs. Ideally, an operator might submit a “Multiple APD Package with Master Drilling Plan” where the “Master Drilling Plan” references a “Standard Operating Practice Agreement” and the package is located in an area defined within a “Geographic Area Development Plan” that was previously analyzed through “Geographic Area NEPA.”

Timeframe: This policy is effective immediately. WO will provide guidance on completing strategy implementation self-assessment reports by December 1, 2003. Self-assessment reports are due January 31, 2004.

Budget Impact: Widespread use of these and other process improvement strategies are expected to result in substantial cost savings to BLM.

Manual/Handbook Sections Affected: None

Coordination: This IM was coordinated between the Washington Office Fluid Minerals Group and the Washington Office Planning, Assessment, and Community Support Group, and reviewed by State Offices.

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1 Attachment

1- Question and Answer Guidance: Using Comprehensive Strategies to More Efficiently and Effectively Process Applications for Permit to Drill (APDs) (8 pp)

**Question and Answer Guidance:
Using Comprehensive Strategies to More Efficiently and Effectively Process
Applications for Permit to Drill (APDs)**

- **Multiple APD Package with Master Drilling Plan**
- **Geographic Area Development Plan**
- **Standard Operating Practice (SOP) Agreement**
- **Geographic Area NEPA**

Multiple APD Package with Master Drilling Plan:

What is a Multiple APD Package with Master Drilling Plan?

A Multiple APD Package with Master Drilling Plan is a “package” format for submitting multiple APDs. It allows the operator to combine drilling, surface use, and anticipated production information common to all of the APDs into a single master document. While APDs must be submitted for each well, the master 8-Point Drilling Program and 13-Point Surface Use Program and other common maps and documents do not have to be repeated within each APD. Minor differences unique to each well are identified within the individual well APDs or in the Master Drilling Plan document.

When is a Multiple APD Package with Master Drilling Plan appropriate?

A Multiple APD Package with Master Drilling Plan is a useful tool for processing two or more APDs for wells with similar drilling and surface use programs. A Multiple APD Package can be prepared for: 1) A “planned” cluster of wells and facilities in close proximity, sometimes referred to as a “pod”; or it can be prepared for: 2) Multiple in-fill wells scattered throughout a field with little or no geographic area development planning. Based on local conditions, oil and gas operators or BLM may wish to limit the use of Multiple APD Packages to certain situations, such as in-fill development, common producing zones, etc.

A Multiple APD Package with Master Drilling Plan is most suitable for use in areas of intense oil and gas activity and in areas where multiple wells can share a common 8-Point Drilling Program and 13-Point Surface Use Program. Suitable areas have similar subsurface geology, producing zones, surface resources, environmental issues, or other logical criteria to define boundaries. Oil and gas in-fill wells are generally more suitable for incorporation into Multiple APD Packages than are wildcat exploration wells. Packages also work effectively when used as a tool to fully plan and develop a limited geographical area for new development (See: Geographic Area Development Plan, below). Multiple APD Packages can be useful for planning and designing efficient road, energy, and water transportation systems that minimize resource impacts and allow for better NEPA analysis.

With BLM approval, the operator can amend an approved Multiple APD Package. An amendment can be used to expand an initial development area or to incorporate additional in-fill wells.

What does of a Multiple APD Package with Master Drilling Plan contain?

A Multiple APD Package with Master Drilling Plan typically includes: cover letter; 8-Point Drilling Program; 13-Point Surface Use Program; Cultural Report (submitted prior to or as part of the package); project map; and other locally required documents or maps. Individual APDs and Well Survey Plats are required and are included within the package or as attachments. The APDs either reference the drilling and surface use program or contain photocopies of these documents, depending on local preference.

Can a Multiple APD Package with Master Drilling Plan be used for areas of dissimilar geology and surface resources?

In many cases, a Multiple APD Package with Master Drilling Plan can be used in areas of dissimilar geology and surface resources. The operator and BLM determine whether the APDs have enough in common to warrant a shared 8-Point Drilling Program and 13-Point Surface Use Program. If so, the Drilling and Surface Use Program documents identify all proposed construction, drilling, operation, and reclamation activities that are common to all wells, facilities, roads, etc. Any differences are clearly identified in the Drilling and Surface Use Programs or in the individual well APDs.

Many minor differences can easily be accommodated in Multiple APD Packages. For example, only three different well site layout cross-section diagrams may be needed for a Multiple APD Package. Diagram “A” could represent a typical cross-section diagram for flat ground, 0-4%; Diagram “B” for 5-15% moderate side slopes; and Diagram “C” for 16-22% steep side slopes. In this example, the Surface Use Program would refer to the total numbers of wells in each category, estimated surface disturbance for each, and typical reclamation. Each well would be identified in the Surface Use Program by name and well number as falling under typical well cross-section drawings A, B, or C.

How do I ensure a quality Multiple APD Package with Master Drilling Plan?

To ensure that a quality Multiple APD Package with Master Drilling Plan is filed with BLM, hold a planning meeting with the operator before submission of the package. BLM Field Offices are also encouraged to provide written “Package Preparation Guidelines” to assist operators. Time spent early in the process will increase operator understanding of BLM requirements and preferred pad, road, tank, power, and flow line placement. Early coordination will ensure that the operator submits a comprehensive and complete package that is less likely to require amendment by the operator or modification by BLM through Conditions of Approval.

What are the Benefits of using a Multiple APD Package with Master Drilling Plan?

A Multiple APD Package with Master Drilling Plan increases APD processing efficiency. BLM staff need only review one Drilling Program and one Surface Use Plan Program rather than multiple programs that may be quite similar. Packages can be a more efficient tool for planning field development and identifying cumulative impacts for NEPA analysis. Efficiency is enhanced because BLM staff and the public analyze one master proposal through one NEPA process, rather than through several similar NEPA documents for multiple wells.

Where can I learn more about using the Multiple APD Package with Master Drilling Plan?

For further information on using Multiple APD Packages with Master Drilling Plans or to obtain copies of sample packages, contact Willy Frank, Buffalo Field Office, Buffalo, WY. The Buffalo Field Office refers to Multiple APD Packages as “Plans of Development” (PODs) and Buffalo’s POD preparation guide “Coalbed Methane Well APD and POD Preparation Guide” can be E-mailed or will soon be found at <http://www.wy.blm.gov/bfo/>

Geographic Area Development Plan:

What is a Geographic Area Development Plan?

A Geographic Area Development Plan is the result of comprehensive development planning for a proposed or defined oil and gas field(s) or a limited geographic area within a field. A Development Plan can cover as little as one square mile, a lease, an entire field, or series of fields. A Development Plan is used to map optimal locations for wells, production facilities, access routes, flowlines, and utilities. The Development Plan can also address items that would typically be included in the operator's 8-Point Drilling Program and 13-Point Surface Use Program. The Development Plan becomes a reference document and the basis for submission of individual APDs or it can be incorporated directly into "Multiple APD Packages" or into "Geographic Area NEPA" documents as a component of the Proposed Action.

A Geographic Area Development Plan is not a formal decision of the BLM; rather it is a working document meant to guide APD submissions and future NEPA analysis. As such, it is not appealable and can be changed at any time.

When should Geographic Area Development Planning be used?

Geographic Area Development Plans are most suitable for use in areas of intense oil and gas activity where the development potential is known or can be predicted with reasonable certainty. Oil and gas in-fill wells are generally more suitable for incorporation into a Development Plan than are wildcat exploration wells. However, Development Plans are effective for new development when used as a tool to fully plan and develop a limited geographic area, such as a cluster or "pod" of coalbed natural gas wells that are certain to be producers.

How do I ensure a quality Geographic Area Development Plan?

It is a good practice to hold planning meetings with the operator before a Development Plan is filed. The Plan should be a well thought out, collaborative effort, that considers development and environmental constraints. Time spent early in the process will increase operator understanding of BLM requirements and preferred pad, road, power, and flow line placement. Early coordination ensures that the operator submits a comprehensive Development Plan that is less likely to require revision or amendment.

What are the benefits of Geographic Area Development Planning?

A Geographic Area Development Plan allows BLM and the operator to fully plan for surface disturbance while taking into account development and environmental constraints. Development Planning allows the operator to propose field development that minimizes environmental impacts from access routes, production facilities, flowlines, and utilities. This in turn simplifies the development of NEPA documents and allows for better analysis of cumulative impacts.

Standard Operating Practice (SOP) Agreement:

What is a Standard Operating Practice (SOP) Agreement?

A SOP Agreement is a written agreement between BLM and one or more oil and gas operators that identifies the detailed practices the operator(s) will use in conducting the 8-point Drilling Program, 13-Point Surface Use Program, and production activities. A SOP Agreement is written to cover an entire oil and/or gas field, geologic formation, or operator. A SOP Agreement can include practices necessary for production activities including, but not limited to, disposal of produced water, venting or flaring, and management of tank batteries, pipelines, and compressor sites.

APDs are submitted individually or in Multiple APD Packages and the SOP Agreement is referenced in each APD. The SOP Agreement is an integral part of the approved APD, which is subject to normal review and appeal procedures. If the operator proposes to deviate from the practices contained in the SOP Agreement, the changed practices are identified and incorporated into the APD(s). With BLM approval, the operator can amend an approved SOP Agreement.

When should a Standard Operating Practice (SOP) Agreement be used?

SOP agreements are used in locations where BLM and the operator(s) agree on a set of standard operating practices that will be used by the operator(s) to drill and develop wells, or to develop an oil and gas field or producing formation. SOP agreements are typically initiated and approved either through the Sundry Notice process, as stand-alone agreements, or in agreement letters.

A SOP Agreement is most suitable for use in areas of intense oil and gas activity and in areas where multiple wells are able to share a common 8-Point Drilling and 13-Point Surface Use Program. Suitable areas have similar subsurface geology, producing zones, surface resources, environmental issues, or other logical criteria to define boundaries. Oil and gas in-fill wells are generally more suitable for incorporation into a SOP Agreement than are wildcat exploration wells.

How do I ensure a quality Standard Operating Practice (SOP) Agreement?

It is a good practice to hold multiple planning meetings with the operator. Time spent early in the process will increase operator understanding of BLM requirements. Early coordination ensures that the SOP Agreement is comprehensive and less likely to require amendment by the operator or modification by BLM through Conditions of Approval. All draft SOP Agreements must be fully reviewed by Field Office resource specialists to ensure consistency with BLM requirements.

What are the benefits of using a Standard Operating Practice (SOP) Agreement?

A SOP Agreement leads to the development of standardized "best practices" which simplify the development of an APD by the operator and increase BLM's processing efficiency. BLM staff need only review one SOP agreement, rather than multiple APD drilling programs and surface use programs that may be quite similar.

Where can I learn more about using Standard Operating Practice (SOP)

Agreements?

For further information on using SOP Agreements or to obtain copies of sample SOP Agreements, contact Howard Cleavinger, Vernal Field Office, Vernal, UT or Vic Seefeldt, Cody Field Office, Cody, WY.

Geographic Area NEPA:

What is Geographic Area NEPA?

Geographic area NEPA is the activity-level NEPA analysis of an entire oil and gas field or a logical portion of a field, covering multiple wells, access routes, production facilities, utilities, etc. These “Field” or “Umbrella” Environmental Assessment (EA) or Environmental Impact Statement (EIS) analyses take a broad scale, yet site specific look at a defined area and known or likely development proposal. (The Proposed Action can be based on the Geographic Area Development Plan described above.) The intent is to address the environmental consequences of oil and gas development in sufficient detail so as to reduce the need for additional site-specific NEPA analysis of individual APDs.

How can completing an EA for an entire oil and gas field save time when our office can't keep up with the current NEPA and permitting work?

Each year BLM Field Offices prepare thousands of individual EAs for oil and gas operations. Many are redundant and reflect little difference in impact analysis because most oil and gas operational activities (APDs, flowlines, rights-of-way) are nearly identical to those actions previously conducted as well as those planned for the future. Although it initially takes more time to prepare, a field-wide, site-specific EA/EIS, reduces the need to do further NEPA analysis on planned actions and related future planned actions.

How is Geographic Area NEPA used?

A “field” or “umbrella” EA/EIS should analyze current APDs and planned or probable actions (APDs, Sundry Notices, R/Ws) so that the NEPA document and EA/Decision Record or EIS/Record of Decision meet all NEPA requirements for the analyzed actions, both current and future. The intent is to adequately address the environmental consequences of an operator’s development proposal or likely oil and gas field development in sufficient detail so as to reduce the need for additional site-specific NEPA analysis. As a result, APDs included within the initial proposal can be approved without additional NEPA review. APDs not included within an initial development proposal, but adequately addressed in the Geographic Area NEPA document, may also be approved without additional NEPA review. APDs not adequately addressed in the NEPA document (changed circumstances, new information, unanalyzed proposals) would be subject to further NEPA analysis tiered to the original document.

When is it necessary to amend the land use plan?

The proposed action or the preferred alternative must be in conformance with the land use plan. Actions must be specifically provided for in the RMP or consistent with the terms, conditions, and decisions in the approved Resource Management Plan (RMP). The Field Office should evaluate the proposal against the RMP decisions; if the evaluation determines that the development proposal will require changes to the RMP decisions, then the proposal and subsequent NEPA analysis should be analyzed in a RMP amendment.

What are the benefits of Geographic Area NEPA analysis?

The primary advantage of Geographic Area NEPA is the ability to look at a broad area in a site-specific manner and analyze the cumulative effects of oil and gas development in relation to other resource uses in one public process, rather than analyzing APDs individually through multiple and often redundant NEPA documents. Once the Geographic Area NEPA is completed, future APDs that fall under the analysis umbrella can be processed more efficiently.

Contact: Please direct questions related to the four Comprehensive Strategies to the field contacts identified above, your Field or State Office APD or NEPA specialist, or to Jim Perry, Environmental Scientist, Washington Office Fluid Minerals Group, (202) 452-5063, E-mail Jim_Perry@blm.gov